

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, Sacramento, CA 95814



March 17, 2000

## COUNTY FISCAL LETTER (CFL) NO. 99/00-08

TO: COUNTY WELFARE DIRECTORS  
COUNTY FISCAL OFFICERS  
COUNTY AUDITOR CONTROLLERS  
COUNTY PROBATION OFFICERS

## SUBJECT: POLICY AND REPORTING INSTRUCTIONS FOR LOAN PROGRAMS

The Temporary Assistance for Needy Families (TANF) Block Grant provides broad flexibility in funding a variety of activities, services, and benefits designed to remove families from dependency on public assistance. Because of this flexibility, several counties have developed new and creative funding strategies, including loan programs to provide goods, services, and activities that will assist eligible clients to become self-sufficient. This CFL provides claiming instructions for reporting loan program costs.

Counties may use TANF or Single Allocation funds, including performance incentives, to provide grants and loans to eligible recipients. Grants and loans must be used for supportive services that are within the parameters established by TANF and CalWORKs and that comply with cost principles in Office of Management and Budget (OMB) Circular No. A-87 (state, local, and Indian tribal governments); OMB Circular No. A-122 (non-profit organizations); and OMB Circular No. A-21 (educational institutions).

Loan programs must be designed to operate as a revolving fund, e.g., repayments and interest are deposited back into the fund as they are collected and used to serve other eligible recipients. The following program and direct cost codes have been established effective with the March 2000 quarter to capture the expenditures.

233 Supportive Services Grants and Loans TANF/General

233038 Supportive Services Grants and Loans-Assistance  
233039 Supportive Services Grants and Loans-Non-Assistance

Expenditures are claimed on the County Expense Claim (CEC) in the quarter in which the grant/loan is issued (paid) to the recipient; repayments are not reported. However, upon completion or elimination of the program, the total amount remaining in the revolving fund must be abated on the CEC to the appropriate code. Counties must retain supporting documentation, including repayments and interest earnings, for audit purposes.

Grant/loan expenditures made using performance incentives should be reported according to previous instructions for incentive expenditures in CFL Nos. 98/99-54, dated November 20, 1998, 98/99-62, dated March 19, 1999, 98/99-72, dated April; 15, 1999, and 99/00-44, dated December 20, 1999.

Counties that elect to use TANF/CalWORKs expenditures as local match for Transportation Efficiency Act for the 21<sup>st</sup> Century, Job Access and Reverse Commute grants, must ensure that an adequate audit trail is maintained and that expenditures comply with applicable federal and state requirements.

If you have any questions regarding the effect of loan programs on TANF/CalWORKs eligibility, please contact the CalWORKs Eligibility Bureau at (916) 654-1322. For questions on claiming instructions, please contact your Fiscal Policy Bureau county analyst at (916) 657-3440.

GEORGE E. PEACHER, JR., Chief  
Fiscal Systems and Accounting Branch

c: CWDA